

**Kmart, Kohl's hope to ring up retail growth with - Milwaukee Journal Sentinel (WI) - July 20, 2000 - page 01**  
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Kmart Corp. is considering the development of a combined discount store-supermarket at W. Fond du Lac and W. North avenues -- which would be the first such Kmart store in Wisconsin and among the first nationwide in a central city neighborhood.

The so-called **Super Kmart** -- employing around 300 people -- would cover 139,056 square feet at the southwest corner of Fond du Lac and North avenues. It would be a \$10 million to \$15 million investment for a neighborhood that has lost several stores over the years but is now seeing the beginning of a retail revival.

"This is a major development for this area," said J. Allen Stokes, executive vice president of the Inner City Redevelopment Corp., which is involved in the project.

"It's jobs. It takes up a lot of vacant space. It's a motivator for other things to occur," Stokes said.

The store would be developed by Meridian Properties Ltd., a retail developer based in Kenosha, and the Inner City Redevelopment Corp., a non-profit group based in Milwaukee. Meridian Chairman Larry Kilduff said Wednesday that Kmart executives have granted preliminary approval to the development, but have not yet granted final approval.

"We're continuing to move forward," Kilduff said. "We're hopeful we'll get it done."

Kmart spokesman Steve Pagnani said the company has looked at the site, but declined further comment.

Kmart in May announced plans to open 20 new Super Kmart stores nationwide in 2001 -- compared to just five planned for this year.

Super Kmart stores are Kmart's answer to rival retailer Wal-Mart Stores Inc.'s big push into the supermarket industry. Wal-Mart has been opening combined discount store-supermarkets throughout the nation, including such Wisconsin locations as West Bend, Appleton, Racine, Beloit, Marshfield, Wisconsin Rapids, Viroqua and Prairie du Chien.

Kmart, Wal-Mart and Target Corp. -- with its SuperTarget stores, including one under development in Eau Claire -- have all discovered that adding full-service supermarkets to their discount department stores brings higher sales. Shoppers make more frequent trips to discount stores that are combined with supermarkets.

Also, Kmart and other retailers are turning more attention to central city neighborhoods, Kilduff said.

Suburban neighborhoods are becoming saturated with retailers, Kilduff said, while their urban counterparts have seen little retail development. That creates opportunities for merchants, and

Kmart is currently looking at other urban locations aside from Milwaukee, he said.

"They want to get into the cities," said Kilduff, who is also affiliated with the Community Marketplace Development Institute, a non-profit group based in Alexandria, Va., that encourages retail development in central cities.

While median household income is lower in the central city, there are more homes per square mile than in suburban neighborhoods. As a result, there's a lot of purchasing power within central city neighborhoods that retailers have overlooked, Kilduff said.

For example, the total adjusted gross income of working-age people living in the ZIP code that includes the proposed **Super Kmart** was \$64.8 million per square mile in 1998, according to state Department of Revenue data analyzed by the University of Wisconsin-Milwaukee's Employment and Training Institute.

That per-square-mile total income ranked ahead of such communities as Hales Corners (\$54.4 million), Oak Creek (\$19 million) and Franklin (\$18.6 million) because their population density is much lower, according to the data.

Other retailers interested in the central city include Jewel-Osco, which is developing a combined supermarket-drug store along W. Meinecke Ave., between N. 35th and N. 37th streets.

The **Super Kmart** would be built on a 14.7-acre site that now includes vacant land as well as land now occupied by some rundown buildings.

In addition, the development of the **Super Kmart** could attract other retailers to neighborhood sites, include a large vacant parcel at W. North and N. Teutonia avenues, said Randy Roth, a development consultant working with Kilduff.

For the supermarket industry, it would bring yet another player in an already crowded marketplace. The Milwaukee-area's main players are market leader Pick 'n Save, Kohl's Food Stores Inc., Sentry Foods, Jewel-Osco and Piggly Wiggly.

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